

Program Legislative Budget

The following table summarizes the total legislative budget for the agency by year, type of expenditure, and source of funding. Also included in the table is House Bill 447 pay plan allocation.

Program Legislative Budget								
Budget Item	Base Budget Fiscal 2004	PL Base Adjustment Fiscal 2006	New Proposals Fiscal 2006	Total Leg. Budget Fiscal 2006	PL Base Adjustment Fiscal 2007	New Proposals Fiscal 2007	Total Leg. Budget Fiscal 2007	Total Leg. Budget Fiscal 06-07
FTE	450.61	0.20	4.00	454.81	0.20	4.00	454.81	454.81
Personal Services	17,507,187	634,734	640,968	18,782,889	624,193	1,631,012	19,762,392	38,545,281
Operating Expenses	5,580,843	365,471	0	5,946,314	436,856	0	6,017,699	11,964,013
Equipment	59,368	0	0	59,368	0	0	59,368	118,736
Grants	14,243,871	1,444,830	300,000	15,988,701	1,687,642	300,000	16,231,513	32,220,214
Benefits & Claims	141,358,984	31,365,410	10,447,493	183,171,887	43,135,151	6,594,800	191,088,935	374,260,822
Transfers	0	0	0	0	0	0	0	0
Debt Service	552	0	0	552	0	0	552	1,104
Total Costs	\$178,750,805	\$33,810,445	\$11,388,461	\$223,949,711	\$45,883,842	\$8,525,812	\$233,160,459	\$457,110,170
General Fund	22,929,286	382,863	3,839,946	27,152,095	442,666	1,845,065	25,217,017	52,369,112
State/Other Special	159,542	100,000	747,396	1,006,938	100,000	801,416	1,060,958	2,067,896
Federal Special	155,661,977	33,327,582	6,801,119	195,790,678	45,341,176	5,879,331	206,882,484	402,673,162
Total Funds	\$178,750,805	\$33,810,445	\$11,388,461	\$223,949,711	\$45,883,842	\$8,525,812	\$233,160,459	\$457,110,170

Program Description

The Human and Community Services Division (HCS D) consist of four bureaus each managing a group of programs. The Public Assistance Bureau administers Montana's Temporary Assistance to Needy Families (TANF) program and provides eligibility services for Medicaid and food stamps. The Early Childhood Services Bureau manages child care subsidy programs, contracts providing child care eligibility, provider recruitment, and technical assistance; administers the Child and Adult Care Food Program (CACFP) reimbursement to child care providers for the cost of meals served to eligible children and adults; and administers the head start state collaboration grant. The Intergovernmental Human Services Bureau (IHSB) administers a number of programs providing housing services, weatherization services, and energy and commodity assistance including: the Community Services block grant, Low-Income Energy Assistance Program (LIEAP), some Housing and Urban Development (HUD) grants, and United States Department of Agriculture (USDA) food distribution and commodities grants. This bureau also maintains a warehouse facility. The division fiscal bureau coordinates implementation and monitoring of the division's budget.

Program Highlights

Human and Community Services Division Major Budget Highlights	
♦	Legislative initiatives increased funding for cash assistance benefits through: <ul style="list-style-type: none"> • Movement of \$4.8 million TANF funds for the biennium from other spending proposals to cash assistance benefits • Provision of \$2.4 million general fund for child care and reduction in the TANF transfer to child care by a like amount • Inclusion of language that indicates spending on some items is only permissible if the cash assistance benefit level is at or above 33 percent of the 2005 federal poverty level effective October 1, 2005
♦	The legislature provided general fund and state special revenue support for child care that exceeds the level needed to draw down federal funds
♦	Appropriations for food stamp benefits (entirely federally funded) are \$99 million in FY 2006 and \$110 million in FY 2007
♦	The legislature provided additional general fund to support TANF

maintenance of effort and statutory requirements regarding provision of general fund maintenance of effort funds to tribes implementing tribal TANF plans

Program Narrative

Figure 9 summarizes funding for the division by major function. Public assistance related programs including eligibility determination, TANF, and Food Stamp programs account for almost 74 percent of the funding provided to the division. Child care related services including child care subsidy programs and the CACFP account for about 16 percent of the division's funding, while energy and commodity assistance programs account for the remaining 10 percent.

The largest programs administered by the division include child care, Temporary Assistance for Needy Families (TANF), low-income energy assistance, and food stamps. Within these programs the legislature considered policy issues including use of TANF funds to support cash assistance verses child care subsidies, the cash assistance benefit level, and provision of general fund support for child care and low-income energy assistance. The budgetary actions taken illustrate legislative priorities related to these programs. The legislature:

- Provided funding to increase the cash assistance benefit level by:
 - Reducing appropriations for some programs and activities supported by federal TANF funds and providing this funding to support increases in the cash assistance benefit level
 - Providing \$2.4 million general fund support for child care and reducing the TANF transfer to child care
- Provided general fund and state special revenue to support child care at a level greater than that necessary to match federal funding
- Provided \$1 million general fund support for low-income energy assistance

Figure 10 summarizes benefits and claims and grant costs by funding source. Food stamp benefits account for 58 percent of the benefit costs included in the division budget, while TANF cash assistance accounts for 17 percent. Energy and commodity assistance and child care each account for about 10 percent of the benefit costs of the division. Two items, the Child and Adult Food Care program (61 percent) and child care (35 percent), comprise the bulk of the grant costs of the division.

Statutory authority is in Title 53, Chapter 2, MCA, and 45 CFR.

Temporary Assistance for Needy Families (TANF)

One of the largest programs administered by the division is the TANF program. The TANF block grant program was created in 1996 by federal legislation commonly known as "welfare reform". Under welfare reform legislation, TANF replaced the program formerly known as Aid to Families with Dependent Children (AFDC).

Figure 11 summarizes the TANF grant and grant expenditures for FY 2004 through 2007. The federal grant award varies somewhat from year to year depending upon whether or not the state is awarded a performance bonus, any new tribal TANF plans are implemented, or any previous tribal TANF plans are adjusted. TANF funds are used to support a number of programs and spending initiatives that are consistent with federal guidelines on the use of these funds. However, the largest expenditure of TANF funds supports cash assistance payments to eligible families. Expenditures for cash assistance have ranged from \$20 million in FY 2004 to \$32 million in FY 2003, consuming more than 50 percent of the annual grant award. During FY 2004 total cash assistance costs were \$22.6 million, with about \$2.3 million being funded from the general fund rather than federal funds. The budget adopted by the legislature provides federal funds of \$28.0 million in FY 2006 and \$26.3 million in FY 2007 for cash assistance benefits.

Figure 9
Human and Community Services Division
Summary of Major Program Functions with Funding

Function	Fiscal 2004 - Base Budget				Fiscal 2006 - Appropriated				Fiscal 2007 - Appropriated				
	General Fund	State Special	Federal	Total Funds	General Fund	State Special	Federal	Total Funds	General Fund	State Special	Federal	Total Funds	Percent of Total
Public Assistance:													
Administration - Division	\$137,135	\$0	\$531,786	\$668,921	\$434,667	\$0	\$868,262	\$1,302,929	\$860,745	\$0	\$1,361,523	\$2,222,268	1.0%
Administration - Public Assistance	683,730	533	591,617	1,275,880	808,683	533	685,716	1,494,932	807,698	533	685,335	1,493,566	0.6%
Administration - County	7,637,479	0	8,806,553	16,444,032	7,885,701	14,795	9,073,252	16,973,748	7,871,686	70,149	9,116,449	17,058,284	7.3%
TANF Cash Assistance	2,313,676	0	20,290,788	22,604,464	2,313,676	0	31,032,954	33,346,630	2,313,676	0	29,326,398	31,640,074	13.6%
TANF Employment, Training, Work	7,489,239	0	606,516	8,095,755	7,540,826	0	530,195	8,071,021	7,540,270	0	530,792	8,071,062	3.5%
TANF Supportive Services	580,021	0	0	580,021	580,021	0	0	580,021	580,021	0	0	580,021	0.2%
Refugee Programs	0	0	145,457	145,457	0	0	145,457	145,457	0	0	145,457	145,457	0.1%
Food Stamp Training & Support Serv	868,197	111,166	662,929	1,642,292	885,337	111,166	681,839	1,678,342	885,160	111,166	681,258	1,677,584	0.7%
Food Stamp Benefits	0	0	77,555,762	77,555,762	0	0	99,313,455	99,313,455	0	0	110,333,514	110,333,514	47.3%
TANF Phase IIR	160,000	0	319,723	479,723	160,000	0	319,723	479,723	160,000	0	319,723	479,723	0
Subtotal Public Assistance	19,869,477	111,699	109,511,131	129,492,307	20,608,911	126,494	142,650,853	163,386,258	21,019,256	181,848	152,500,449	173,701,553	74.5%
Percent of Total	15.3%	0.1%	84.6%	100.0%	12.6%	0.1%	87.3%	100.0%	12.1%	0.1%	87.8%	100.0%	
Energy and Commodity Assistance:													
Administration - Energy and Commodities	\$24,333	\$0	\$4,445,848	\$4,470,181	\$325,954	\$0	\$4,934,459	\$5,260,413	\$325,780	\$0	\$4,984,748	\$5,310,528	2.3%
Benefits - Energy and Commodities	61,000	47,843	15,891,389	16,000,232	561,000	147,843	17,968,171	18,677,014	561,000	147,843	16,518,171	17,227,014	7.4%
Subtotal Energy and Commodity	85,333	47,843	20,337,237	20,470,413	886,954	147,843	22,902,630	23,937,427	886,780	147,843	21,502,919	22,537,542	9.7%
Percent of Total	0.4%	0.2%	99.3%	100.0%	3.7%	0.6%	95.7%	100.0%	3.9%	0.7%	95.4%	100.0%	
Early Childhood Services:													
Administration - Child Care	0	0	422,131	422,131	0	0	415,524	415,524	0	0	415,261	415,261	0.2%
Childcare Matching	1,645,427	0	5,241,053	6,886,480	1,927,075	732,601	4,162,804	6,822,480	1,981,932	731,267	4,162,804	6,876,003	2.9%
Childcare Mandatory	1,313,990	0	2,087,242	3,401,232	1,313,990	0	2,087,242	3,401,232	1,313,990	0	2,087,242	3,401,232	1.5%
Childcare Discretionary	0	0	6,912,652	6,912,652	2,400,000	0	11,469,496	13,869,496	0	0	13,869,383	13,869,383	5.9%
Quality - Child Care	0	0	1,942,285	1,942,285	0	0	1,942,285	1,942,285	0	0	1,942,285	1,942,285	0.8%
Head Start	15,059	0	152,498	167,557	15,165	0	152,442	167,607	15,059	0	152,543	167,602	0.1%
Child and Adult Care Food Program	0	0	9,055,748	9,055,748	0	0	10,007,402	10,007,402	0	0	10,249,598	10,249,598	4.4%
Subtotal Early Childhood Services	2,974,476	0	25,813,609	28,788,085	5,656,230	732,601	30,237,195	36,626,026	3,310,981	731,267	32,879,116	36,921,364	15.8%
Percent of Total	10.3%	0.0%	89.7%	100.0%	15.4%	2.0%	82.6%	100.0%	9.0%	2.0%	89.1%	100.0%	
Total Human and Community Services Div.	\$22,929,286	\$159,542	\$155,661,977	\$178,750,805	\$27,152,095	\$1,006,938	\$195,790,678	\$223,949,711	\$25,217,017	\$1,060,958	\$206,882,484	\$233,160,459	100.0%
Percent of Total	12.8%	0.1%	87.1%	100.0%	12.1%	0.4%	87.4%	100.0%	10.8%	0.5%	88.7%	100.0%	

Figure 10
Human and Community Services Division
Summary of Benefit and Grant Costs and Funding

Program	Fiscal 2004 Base				Fiscal 2006 Appropriated				Fiscal 2007 Appropriated				
	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	General Fund	State Spec. Rev	Federal Funds	Total Funds	Percent Total
Benefits & Claims													
TANF Cash Assistance	\$2,313,676	\$0	\$20,290,788	\$22,604,464	\$2,313,676	\$0	\$31,032,954	\$33,346,630	\$2,313,676	\$0	\$29,326,398	\$31,640,074	16.6%
TANF Employment, Training	6,862,734	0	555,780	7,418,513	6,978,861	0	490,683	7,469,544	6,978,311	0	491,233	7,469,544	3.9%
TANF Supportive Services	580,021	0	0	580,021	580,021	0	0	580,021	580,021	0	0	580,021	0.3%
Refugee Services	0	0	7,846	7,846	0	0	7,846	7,846	0	0	7,846	7,846	0.0%
Food Stamp Training/Support	321,839	41,209	245,746	608,794	321,839	41,209	255,746	618,794	321,839	41,209	255,746	618,794	0.3%
Food Stamps	0	0	77,555,762	77,555,762	0	0	99,313,455	99,313,455	0	0	110,333,514	110,333,514	57.7%
FAIM Phase IIR	67,775	0	135,358	203,133	67,775	0	135,358	203,133	67,775	0	135,358	203,133	0.1%
Energy and Commodities	77,141	43,250	18,384,883	18,505,274	500,000	147,843	20,764,210	21,412,053	500,000	147,843	19,314,210	19,962,053	10.4%
Childcare	2,959,417	0	10,915,760	13,875,177	5,641,065	732,601	13,846,745	20,220,411	3,295,922	731,267	16,246,767	20,273,956	10.6%
Total Benefits & Claims	<u>\$13,182,604</u>	<u>\$84,459</u>	<u>\$128,091,923</u>	<u>\$141,358,985</u>	<u>\$16,403,237</u>	<u>\$921,653</u>	<u>\$165,846,998</u>	<u>\$183,171,887</u>	<u>\$14,057,544</u>	<u>\$920,319</u>	<u>\$176,111,073</u>	<u>\$191,088,935</u>	<u>100%</u>
Grants													
Admin	\$4,418	\$0	\$17,133	\$21,551	\$4,901	\$0	\$16,650	\$21,551	\$4,892	\$0	\$16,659	\$21,551	0.1%
Energy and Commodity Asst.	0	0	0	0	300,000	0	0	300,000	300,000	0	0	300,000	1.8%
Refugee	0	0	135,463	135,463	0	0	135,463	135,463	0	0	135,463	135,463	0.8%
Childcare	0	0	5,206,158	5,206,158	0	0	5,696,158	5,696,158	0	0	5,696,158	5,696,158	35.1%
Head Start	14,292	0	144,729	159,021	14,292	0	144,729	159,021	14,292	0	144,729	159,021	1.0%
Child and Adult Food Program	0	0	8,721,678	8,721,678	0	0	9,676,508	9,676,508	0	0	9,919,320	9,919,320	61.1%
Total Grants	<u>\$18,710</u>	<u>\$0</u>	<u>\$14,225,161</u>	<u>\$14,243,871</u>	<u>\$319,193</u>	<u>\$0</u>	<u>\$15,669,508</u>	<u>\$15,988,701</u>	<u>\$319,184</u>	<u>\$0</u>	<u>\$15,912,329</u>	<u>\$16,231,513</u>	<u>100.0%</u>

Figure 11 Summary of Temporary Assistance for Needy Families (TANF) Grant Fiscal 2004 Through 2007				
Description	Actual SFY 2004	Dept. Est. SFY 2005	Appropriated SFY2006	Appropriated SFY 2007
Beginning Balance	\$7,037,060	\$19,688,676	\$23,563,483	\$14,884,866
Grant Award	48,020,033	41,805,364	42,228,001	42,228,001
Expenditures:				
Cash Assistance*	20,290,788	21,721,072	29,082,954	27,376,398
FAIM Phase IIR				
New Spending Proposals:				
TANF Higher Work Participation	0	1,176,336	1,725,000	1,725,000
Adult Basic Education	0	0	125,000	125,000
Accelerated Employment Services	0	581,451	0	0
Abstinence Education	0	40,000	0	0
Ongoing Expenditures				
Food Banks	0	100,000	100,000	100,000
Administrative and Other Costs	6,765,172	6,056,780	6,273,851	6,273,851
Foster Care	4,314,231	4,017,119	4,314,231	4,314,231
Total Expenditures	<u>\$31,370,191</u>	<u>\$33,692,758</u>	<u>\$41,621,036</u>	<u>\$39,914,480</u>
Transfers:				
Title XX, Soc Svc. Block Grant	\$1,998,226	\$1,998,226	\$1,998,226	\$1,998,226
Childcare Discretionary Fund	<u>2,000,000</u>	<u>2,239,573</u>	<u>7,287,356</u>	<u>9,606,006</u>
Total Transfers	3,998,226	4,237,799	9,285,582	11,604,232
Total Expenditures and Transfers	<u>35,368,417</u>	<u>37,930,557</u>	<u>50,906,618</u>	<u>51,518,712</u>
Ending Balance	<u>\$19,688,676</u>	<u>\$23,563,483</u>	<u>\$14,884,866</u>	<u>\$5,594,155</u>
Maximum Transfer:				
30% combined Title XX & CCDF	\$14,406,010	\$12,541,609	\$12,668,400	\$12,668,400
*Notes:				
Cash assistance costs reported here may not be total cash assistance costs since general fund may also be used to pay a portion of these costs.				
Includes \$333,000 per year related to SB 82 and increased food stamp benefit costs.				
Data sources include MBARS, SBAHRS link system and DPHHS worksheets				

Since the implementation by the department of the reduction in the cash assistance benefit level, this change and its impact on families receiving assistance have been the subject of many discussions. Actions were taken by the legislature to express its priority for increasing the cash assistance benefit level rather than funding some initiatives proposed in the executive budget. The legislature approved the executive request to increase federal TANF funds supporting cash assistance costs, and so that the benefit level may be increased, the legislature further increased funding for cash assistance by:

- Providing an additional \$2.4 million general fund support for child care in FY 2006 and decreasing the amount of TANF funds transferred to child care by a like amount
- Directing that federal TANF funds (and state maintenance of effort funds) totaling \$2.4 million per year may only be expended to support achievement or incentive awards, accelerated employment services or diversionary projects, or after school programs if the cash assistance benefit level effective October 1, 2005 is at or above 33 percent of the current federal poverty level and funding for the work readiness component (WoRC) programs is maintained at or above the FY 2005 level

In summary, legislative action increased funding for cash assistance benefits by \$4.8 million in FY 2006 and \$2.4 million in FY 2007 above the executive budget.

The legislature also directed that \$125,000 per year of federal TANF funds be used to support adult basic education programs for TANF participants rather than programs related to meeting TANF work participation rates which are anticipated to be higher and more stringent when reauthorization of the program is completed by Congress.

In conjunction with the actions discussed above the legislature also considered the ongoing sustainability of programs and activities supported by the TANF block grant. As Figure 11 illustrates, the carry forward of federal TANF block grants funds is estimated to be \$6.7 million at the end of FY 2007. Additionally, during FY 2006 and 2007 expenditures and transfers of federal TANF funds (\$50 million) are expected to exceed the annual block grant award (\$42 million) by about \$8 million per year. An increase in funding for the federal grant, which has remained constant since implementation in 1996, is not anticipated when Congress reauthorizes the program.

Child care

The division administers child care programs, the majority of which are funded by the Child Care Development Fund (CCDF) block grant. Federal child care programs were revised and changed at the time welfare reform was passed by Congress. Among the TANF requirements is that states provide child care assistance to TANF families when the family is engaged in activities designed to assist the family in becoming self-sufficient. In addition to providing services to TANF families, child care programs also provide subsidies for low-income working families, and support licensing and registration of child care providers and activities related to assuring quality child care. Under child care block grant regulations, states are required to expend a minimum of 4 percent of the funding on child care quality activities.

The funding for child care approved by the legislature is equivalent in total funds to the funding level requested in the executive budget and necessary to maintain funding at the FY 2005 level. However, the legislature increased general fund support for child care in FY 2006 by \$2.4 million and offset this increase by a reduction in federal TANF funds transferred to child care. HB 749 and SB 82 provided for an increase the utilization fees and bed tax at two state institutions and results in a small increase the state special revenue received by the prevention and stabilization fund and used to support child care. General fund support for child care was reduced by the amount (\$100,000) of additional state special revenue support that is expected.

Child care funding is summarized in Figure 12. It is important to note that a significant amount of general fund and/or state special revenue (\$4.5 million for the biennium) supporting child care will not be used to draw federal matching funds. Thus, about 8 percent of the \$55 million appropriated for child care for the 2007 biennium will support services funded entirely by the general fund or state special revenue.

Figure 12
Agency-wide Summary of Child Care Funding
by Funding Stream
Fiscal 2001 Through 2007

Description	Actual SFY 2001	Actual SFY 2002	Actual SFY 2003	Actual SFY 2004	Estimated* SFY 2005	Appropriated SFY2006	Appropriated SFY 2007
General Fund:							
Maintenance of Effort	\$1,313,990	\$1,313,990	\$1,313,990	\$1,313,990	\$1,313,990	\$1,313,990	\$1,313,990
Matching	1,557,335	1,531,499	1,634,445	1,645,427	541,540	1,927,075	1,981,932
Discretionary	0	0	0	0	0	2,400,000	0
Other (non HCSD)	119,128	112,662	75,962	93,143	93,143	93,143	93,143
Total General Fund	2,990,453	2,958,151	3,024,397	3,052,560	1,948,673	5,734,208	3,389,065
Annual Percent Change		-1.1%	2.2%	0.9%	-36.2%	194.3%	-40.9%
Non General Fund Match:							
State Spec. Revenue (PSF)			0	557,000	1,443,000	732,601	731,267
Other			13,099	11,250			
Federal Funds:							
Title XX, Social Services Blk Grant	46,000	46,000	46,000	46,000	46,000	46,000	46,000
CCDF Administrative (non HCSD)	125,923	151,442	160,935	573,550	573,550	573,550	573,550
CCDF Administrative (HCSD)	940,633	909,754	923,674	558,450	678,899	554,270	554,009
CCDF Mandatory	1,681,290	1,895,012	1,868,692	2,086,199	2,086,400	2,086,199	2,086,199
CCDF Match	3,763,051	3,657,824	4,242,370	5,241,053	4,350,989	4,162,804	4,162,804
CCDF Discretionary (non HCSD)	427,045	560,296	562,588	567,068	568,000	583,673	583,673
CCDF Discretionary	12,968,755	17,715,968	13,219,262	8,826,112	15,613,823	13,227,389	15,627,276
Total Federal Funds	19,952,697	24,936,296	21,023,521	17,898,432	23,917,661	21,233,885	23,633,511
Total Expenditures	\$22,943,150	\$27,894,447	\$24,061,017	\$21,519,242	\$27,309,334	\$27,700,694	\$27,753,843
Percent Change		21.6%	-13.7%	-10.6%	26.9%	1.4%	0.2%
Compound Rate of Change		21.6%	2.4%	-2.1%	4.5%	3.8%	3.2%
<u>Calculation of State Funds Needed for Match</u>							
State General Fund and Special Revenue Available to be Matched					\$2,077,683	\$5,152,819	\$2,806,342
Federal Matching Funds Available					4,350,989	4,162,804	4,162,804
Total Matching Stream					6,148,939	5,882,990	5,939,227
State Match as Percent of Total Per Executive Budget					33.79%	87.59%	47.25%
State Match Required (percentage)					29.24%	29.24%	29.91%
Funds Required to Fully Match Available Federal Matching Funds					\$1,797,950	\$1,720,186	\$1,776,423
State Match Funding (Over)/Under Federal Requirements					(\$279,733)	(\$3,432,633)	(\$1,029,919)
Biennial Total State Match Funding (Over)/Under Federal Requirements							(\$4,462,552)
*Notes:							
In most instances the FY 2005 is estimated at the FY 2005 appropriation level as adjusted through appropriation transactions.							

Low-income Energy Assistance

The legislature provided \$1 million general fund for the biennium as a one-time-only appropriation to increase low-income energy assistance, and specified that this funding may be used to support the state low income energy assistance program, the state weatherization program, and tribal energy assistance programs. The legislature also provided \$0.6 million general fund for the biennium to support energy ombudsman or case management-type staff at Human Resource Development Councils to assist low-income individuals seeking emergency energy assistance. In addition, the legislature (in HB 332) approved a supplemental appropriation for FY 2005 of \$903,255 general fund for low-income energy assistance.

Figure 13 summarizes funding for low-income energy assistance and includes a variety of sources of funds including energy assistance provided by utility companies that is not appropriated in the state budget. It is important to note that prior to FY 2005 the low-income energy assistance program did not receive general fund support. The \$1 million general fund appropriated for the 2007 biennium equates to slightly less than 3 percent of the \$39 million in total funding supporting low-income energy assistance.

Figure 13

Summary

Low Income Energy Assistance and Weatherization Funding

Description	FY 2000	FY 2001	FY 2002	FY 2003	FY 2004	Approp/Proj FY 2005	Appropriation FY 2006	Appropriation FY 2007
Univ. Low Income Energy Asst.	\$0	\$0	\$245,318	\$65,416	\$47,973	\$342,176	\$147,843	\$147,843
Bonneville Power Admin.	231,591	268,978	290,617	257,453	225,480	401,613	376,089	381,272
Temporary Assistance for Needy Families	875,000	875,000	0	0	500,000	500,000	0	0
Oil Overcharge: Stripper	577,761	398,292	139,153	(7,484)	130	157,630	0	0
Ener. Conservation: Exxon*	261,137	85,380	102,320	0	0	0	225,000	225,000
Oil Overcharge: Exxon	0	75,289	82,461	20,205	0	0	0	0
Ener. Conservation: Stripper*	137,445	44,911	53,941	0	0	0	500,000	500,000
Regional Ener Asst. Challenge	113,686	423,094	610,634	427,520	0	1	0	0
Weatherization	1,423,418	1,553,356	1,917,205	2,569,775	2,325,326	2,590,730	2,569,404	2,568,309
LIEAP Grant	6,851,941	11,186,488	11,752,187	11,712,854	12,190,840	11,525,836	11,901,294	11,901,294
LIEAP Tribal - funding direct to tribes*	1,222,465	1,995,798	2,096,725	2,089,708	2,174,986	2,056,342	2,123,328	2,123,328
Jobs & Growth Tax Relief Act	0	0	0	0	1,772,899	941	0	0
Jobs & Growth Tax Relief Act - to Tribes	0	0	0	0	227,100	0	0	0
MPC/NW Ener Free Weatherization*	769,734	1,020,227	1,348,923	1,164,608	1,308,697	1,168,000	1,168,000	1,168,000
Subtotal	12,464,178	17,926,813	18,639,484	18,300,055	20,773,431	18,743,269	19,010,958	19,015,046
General Fund Support						775,444	424,300	424,300
General Fund Support - Tribal	0	0	0	0	0	127,811	75,700	75,700
Total	<u>\$12,464,178</u>	<u>\$17,926,813</u>	<u>\$18,639,484</u>	<u>\$18,300,055</u>	<u>\$20,773,431</u>	<u>\$19,646,524</u>	<u>\$19,510,958</u>	<u>\$19,515,046</u>
Annual Percent Change		43.8%	4.0%	-1.8%	13.5%	-5.4%	-0.7%	0.0%
Compounded Rate of Change		43.8%	22.3%	13.7%	13.6%	9.5%	7.8%	6.6%
Percent Change between 2000 and 2007								56.6%
Consumer Energy Price Index, 2000 = 100 - Data source: Global Insights								
Fuel Oil and Coal	100.00	101.74	91.77	109.63	125.22	135.26	127.00	127.14
Electricity	99.98	108.06	106.89	109.40	111.86	116.18	116.68	116.22
Natural Gas	99.06	118.80	101.50	124.70	134.87	140.79	136.47	126.91

*Notes:

Montana Power Company, Northwestern Energy - energy assistance funds are not appropriated by the state.

LIEAP - Tribal - These funds do not flow through state government, rather these funds are provided directly to the Tribes.

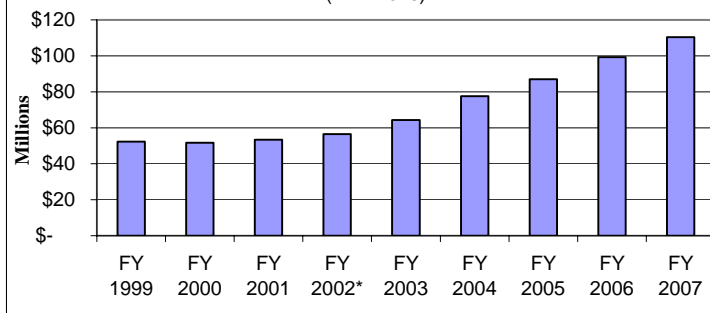
Tribal governments received 15.14 percent of the energy assistance grant funds provided to Montana. It is anticipated that this percentage of general fund provided to support low-income energy assistance will be allocated to tribes.

Energy Conservation funding is provided as a biennial appropriation but shown in the table divided between the two years.

Per statute, energy conservation funding may be expended only if the federal LIEAP grants drops below the 1987 level.

Food Stamp Benefits

The legislature approved the executive request for increased food stamp benefit costs. Food Stamp benefit costs are entirely federally funded and it is estimated that annual food stamp benefit costs will approach \$100 million in FY 2006 and exceed \$110 million beginning in FY 2007. The growth in Food Stamp benefit costs has been quite dramatic since FY 2002, rising from \$56 million per year to over \$110 million per year in just 5 years. In FY 2002 electronic benefit transfer (EBT) of these benefits was implemented and food stamps became a budgeted expenditure. Previous to FY 2002 food stamp benefits were issued using a coupon and, because the funds did not flow through the state treasury, they were not a budgeted item. Figure 14 provides a graphical representation of food stamp benefit costs for FY 1999 through FY 2007.

Figure 14
Food Stamp Benefits
(in millions)

Funding

The following table shows program funding, by source, for the base year and for the 2007 biennium as adopted by the legislature.

		Program Funding Table Human And Community Serv					
Program Funding		Base FY 2004	% of Base FY 2004	Budget FY 2006	% of Budget FY 2006	Budget FY 2007	% of Budget FY 2007
01000	Total General Fund	\$ 22,929,286	12.8%	\$ 27,152,095	12.1%	\$ 25,217,017	10.8%
	01100 General Fund	22,929,286	12.8%	27,152,095	12.1%	25,217,017	10.8%
02000	Total State Special Funds	159,542	0.1%	1,006,938	0.4%	1,060,958	0.5%
	02375 6901-02 Indrct Activity Prog 02	533	0.0%	533	0.0%	533	0.0%
	02698 69010-Prevention&Stabilization	-	-	732,601	0.3%	731,267	0.3%
	02772 Tobacco Hlth & Medica Initiative	-	-	14,795	0.0%	70,149	0.0%
	02931 Food Stamp Recoupment Account	111,166	0.1%	111,166	0.0%	111,166	0.0%
	02974 Univ Low-Income Energy Assist	47,843	0.0%	147,843	0.1%	147,843	0.1%
03000	Total Federal Special Funds	155,661,977	87.1%	195,790,678	87.4%	206,882,484	88.7%
	03066 81.042 Bpa	222,578	0.1%	376,186	0.2%	381,538	0.2%
	03096 Discretionary Child Care	8,809,980	4.9%	13,368,197	6.0%	15,770,272	6.8%
	03109 Tanf Benefits	21,217,027	11.9%	31,882,872	14.2%	30,176,913	12.9%
	03204 Energy Conservation: Exxon	-	-	450,000	0.2%	-	-
	03208 Abstinence Education Blk Grant	211,773	0.1%	213,461	0.1%	216,140	0.1%
	03236 Child Nutrition	8,673,838	4.9%	9,516,857	4.2%	9,765,020	4.2%
	03250 Child Care Mandatory/Moe	2,086,199	1.2%	2,086,199	0.9%	2,086,199	0.9%
	03251 Child Care Admin	422,131	0.2%	424,325	0.2%	439,479	0.2%
	03252 Child Care Matching	5,241,053	2.9%	4,162,804	1.9%	4,162,804	1.8%
	03323 Energy Conservation: Stripper	-	-	1,000,000	0.4%	-	-
	03382 03 Indirect Activity Prog 02	9,605,847	5.4%	10,235,896	4.6%	10,687,923	4.6%
	03519 93.045 - Aging Meals 100%	28,130	0.0%	36,926	0.0%	37,732	0.0%
	03523 93.566 - Refugee Soc. Serv	79,631	0.0%	79,631	0.0%	79,631	0.0%
	03539 93.600 Headstart	152,498	0.1%	152,442	0.1%	152,543	0.1%
	03543 6901-Foodstamp Outreach 10.561	1,060	0.0%	11,060	0.0%	11,060	0.0%
	03544 10.561 - Fs E & T - 50%	167,589	0.1%	167,589	0.1%	167,589	0.1%
	03545 10.561 - Fs E & T - 100%	341,515	0.2%	349,199	0.2%	361,489	0.2%
	03546 10.561 - Fs Adm - Fed Exp 50%	152,765	0.1%	161,675	0.1%	161,094	0.1%
	03547 10.568 - Emerg Food Assist 100	168,361	0.1%	187,263	0.1%	191,130	0.1%
	03548 10.569 - Food Distr - Fed Exp	1,619,917	0.9%	1,835,766	0.8%	1,843,858	0.8%
	03550 14.231 - Emerg Shelter - Hud 5	357,718	0.2%	388,843	0.2%	388,843	0.2%
	03552 81.042 - Weather Ben 100%	2,285,864	1.3%	2,573,250	1.1%	2,578,322	1.1%
	03571 93.566 - Off Ref Reset Adm 10	9,994	0.0%	9,994	0.0%	9,994	0.0%
	03572 93.568 - Lieap Blk Grt Adm	11,901,294	6.7%	11,905,885	5.3%	11,913,242	5.1%
	03573 93.569 - Csbj Adm	3,017,353	1.7%	3,226,969	1.4%	3,228,873	1.4%
	03579 93.667 - Ssbj - Benefits	46,000	0.0%	46,000	0.0%	46,000	0.0%
	03580 6901-93.778 - Med Adm 50%	112,336	0.1%	130,217	0.1%	135,116	0.1%
	03669 Doe Region 8	49,001	0.0%	99,246	0.0%	149,246	0.1%
	03677 6901-Cacfp 10.558 & 10.560	381,910	0.2%	497,684	0.2%	503,204	0.2%
	03678 6901-Food Stamp Benefits	77,555,762	43.4%	99,313,455	44.3%	110,333,514	47.3%
	03679 6901-Hopwa Cfda#14-241	355,615	0.2%	483,599	0.2%	483,599	0.2%
	03824 Child Care Apprenticeship Prog	-	-	788	0.0%	821	0.0%
	03955 Elderly Refugee Grant	55,832	0.0%	55,832	0.0%	55,832	0.0%
	03965 Csfp	331,406	0.2%	360,568	0.2%	363,464	0.2%
Grand Total		<u>\$ 178,750,805</u>	<u>100.0%</u>	<u>\$ 223,949,711</u>	<u>100.0%</u>	<u>\$ 233,160,459</u>	<u>100.0%</u>

The HCSD is supported primarily by federal funds. Federal funds comprise 89 percent of the division's funding. General fund provides almost 11 percent of the division's funding, while state special revenues account for less than half of one percent of the division's funding. The general fund supporting this division is utilized to:

- Achieve Temporary Assistance for Needy Families (TANF) maintenance of effort (MOE) spending requirements
- Achieve child care block grant MOE spending requirements
- Match federal programs such as Medicaid and food stamp eligibility determination, and child care benefits

In addition, for the 2007 biennium the legislature provided \$2.4 million general fund to support child care and reduced the TANF funds transferred to childcare by a like amount and \$1.6 million to support low income energy assistance and energy assistance ombudsman (case management) type services.

Food stamp benefit funding, which is federal funding that passes through the state, comprises more than 47 percent of the division's total funding. Funding from the TANF grant for benefit costs comprises about 13 percent of the funds for the division. Other than general fund, no other funding source comprises more than 10 percent of the division's funding.

Biennial Comparison

The division's budget increases \$87 million (24 percent) when the 2007 and 2005 biennia are compared (Figure 15). This increase is primarily in benefits and claims (\$82 million). An increase of \$59 million occurs in food stamp benefit costs, which are entirely federally funded. TANF benefits and child care discretionary funds increase \$9.7 million and \$9.1 million, respectively, to reflect increased caseloads and an increase in the TANF funds transferred to child care. Combined, these three items account for 90 percent of the biennial increase in the division budget and the entire increase in federal funds.

General fund increases \$7.6 million due increases in general fund supporting child care (\$4.0 million), low-income energy assistance (\$1.0 million), and energy ombudsman type services (\$0.6 million).

The balance of the general fund increase supports increases in statewide present law adjustments and the pay plan adopted by the legislature.

The increase in state special revenue is almost entirely related to an increase in funding for child care from the prevention and stabilization fund. Because these funds were not included in the base budget they appear as an increase in the biennial comparison.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget made by the legislature. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Legislative decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Budget Item/Fund	2005 Biennium	2007 Biennium	Percent of Total	Change	Percent Incr/Decr
FTE	452.20	454.81		2.61	
Personal Services	\$ 35,824,425	\$ 38,558,379	8.4%	\$ 2,733,954	7.6%
Operating	11,115,467	11,964,013	2.6%	848,546	7.6%
Equipment	84,457	118,736	0.0%	34,279	40.6%
Grants	30,835,741	32,220,214	7.0%	1,384,473	4.5%
Benefits/Claims	292,166,032	374,260,822	81.9%	82,094,790	28.1%
Debt Service	93,981	1,104	0.0%	(92,877)	-98.8%
Total Costs	<u>\$370,120,103</u>	<u>\$457,123,268</u>	<u>100.0%</u>	<u>\$ 87,003,165</u>	<u>23.5%</u>
General Fund	\$ 44,764,961	\$ 52,382,211	11.5%	\$ 7,617,250	17.0%
State Special	669,793	2,067,896	0.5%	1,398,103	208.7%
Federal Funds	<u>324,685,349</u>	<u>402,673,161</u>	<u>88.1%</u>	<u>77,987,812</u>	<u>24.0%</u>
Total Funds	<u>\$370,120,103</u>	<u>\$457,123,268</u>	<u>100.0%</u>	<u>\$ 87,003,165</u>	<u>23.5%</u>

Present Law Adjustments									
-----Fiscal 2006-----					-----Fiscal 2007-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				1,672,725					1,666,167
Vacancy Savings				(767,180)					(766,898)
Inflation/Deflation				(14,710)					(14,499)
Fixed Costs				13,510					13,546
Total Statewide Present Law Adjustments				\$904,345					\$898,316
DP 41 - Child Care Match Reduction	0.00 (19,063)	0	(1,078,249)	(1,097,312)	0.00	37,153	0	(1,078,249)	(1,041,096)
DP 54 - Offices of Public Assistance Rent Increase	0.00 64,390	0	64,389	128,779	0.00	74,958	0	74,959	149,917
DP 100 - Energy Assistance Increases	0.00 0	100,000	1,094,671	1,194,671	0.00	0	100,000	1,144,671	1,244,671
DP 119 - Food Stamp Benefit Increases	0.00 0	0	21,757,693	21,757,693	0.00	0	0	32,777,752	32,777,752
DP 120 - Child Care Discretionary Fund Increases	0.20 0	0	6,906,315	6,906,315	0.20	0	0	6,906,315	6,906,315
DP 125 - TANF Benefits Assistance Increase	0.00 0	0	3,339,016	3,339,016	0.00	0	0	4,032,460	4,032,460
DP 127 - Child and Adult Care Food Program Increase	0.00 0	0	954,830	954,830	0.00	0	0	1,197,642	1,197,642
DP 9999 - Statewide FTE Reduction	0.00 (138,946)	0	(138,946)	(277,892)	0.00	(141,067)	0	(141,068)	(282,135)
Total Other Present Law Adjustments	0.20 (\$93,619)	\$100,000	\$32,899,719	\$32,906,100	0.20	(\$28,956)	\$100,000	\$44,914,482	\$44,985,526
Grand Total All Present Law Adjustments				\$33,810,445					\$45,883,842

DP 41 - Child Care Match Reduction - The legislature approved a \$18,090 general fund increase and a \$2 million reduction in funding to adjust child care matching funds for changes in the federal medical assistance participation rate (FMAP) and the level of federal funding that is anticipated for the 2007 biennium. The federal match fund is one funding stream within the child care development fund (CCDF). In order for a state to draw federal match dollars, it must expend state or local matching funds at the FMAP rate and it must also meet the federal child care block grant maintenance of effort requirements. The executive anticipates that less federal matching funds will be available in the 2007 biennium than is included in the base budget, because carryover funds that existed and were expended in FY 2004 will not exist in the 2007 biennium. Additionally, an increase in general fund is provided because the FMAP rate for the 2007 biennium decreases, requiring a larger state match.

DP 54 - Offices of Public Assistance Rent Increase - The legislature provided \$139,348 general fund and \$278,696 total funds for increased rental costs for local Offices of Public Assistance (OPA). The largest increase in rent will occur in Glacier County (\$61,002 in the first year and \$62,220 in the second year) due to the relocation of the office to a new building.

DP 100 - Energy Assistance Increases - The legislature approved \$2,439,342 in state special revenue and federal funds for the biennium for anticipated increases in seven federal grants and the universal low-income energy assistance state special revenue providing housing, weatherization, and energy and commodity assistance. Anticipated grant increases range from about \$7,000 to \$285,000 per year and vary among grants.

DP 119 - Food Stamp Benefit Increases - The legislature provided \$54 million federal funds for the biennium to fund increases in food stamp benefits. The department anticipates that annual food stamp benefit expenditures will exceed \$110 million during FY 2007. Food stamp benefits increase due to caseload growth and poverty level adjustments (expanded eligibility). Contributing factors to the increase in food stamp benefits include changes made by the 2002 farm bill (expanded eligibility for aliens, less frequent (six-month) reporting and federal funding for outreach activities) and a decrease in the monthly TANF cash assistance grant to families.

DP 120 - Child Care Discretionary Fund Increases - The legislature approved \$13.8 million federal funds to increase child care discretionary fund spending. The legislature also approved a decision package providing \$2.4 million general fund for FY 2006 with an offsetting reduction in the TANF transfer to child care and provided that the \$2.4 million of TANF funds be used to increase the TANF cash assistance benefit level. This action maintains total funding for child care at \$25.6 million per year. A substantial amount of the funding needed to sustain childcare at this level is transferred from the TANF block grant to child care.

DP 125 - TANF Benefits Assistance Increase - The legislature provided \$7.4 million federal funds for the biennium to support projected increases in the TANF cash assistance caseload.

DP 127 - Child and Adult Care Food Program Increase - The legislature provided \$2.2 million federal funds to support an anticipated 2.3 percent increase in program reimbursement rates established by the USDA and number of meals reimbursed. It is estimated that the funding provided will support an increase of about 215,000 meals in FY 2006 and 270,000 meals in FY 2007.

DP 9999 - Statewide FTE Reduction - The legislature reduced personal services funding, but did not reduce FTE authorized by the Office of Budget and Program Planning, equivalent to the across-the-board personal services reduction included in the 2005 biennium budget by the legislature. The reduction in this decision package is offset by an increase in general fund equal to the amount of general fund expenditures for these positions that counted toward TANF maintenance of effort.

New Proposals

New Proposals										
Program	FTE	Fiscal 2006				Fiscal 2007				
		General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 69 - Tribal TANF Maintenance of Effort										
02	0.00	51,031	0	0	51,031	0.00	51,031	0	0	51,031
DP 144 - Higher TANF Work Participation Rates										
02	0.00	0	0	1,725,000	1,725,000	0.00	0	0	1,725,000	1,725,000
DP 145 - Energy Conservation and Energy Assistance Bien-OTO										
02	0.00	0	0	1,450,000	1,450,000	0.00	0	0	0	0
DP 167 - Food Stamp Outreach										
02	0.00	0	0	10,000	10,000	0.00	0	0	10,000	10,000
DP 708 - Energy Ombudsman										
02	0.00	300,000	0	0	300,000	0.00	300,000	0	0	300,000
DP 709 - Child Care Funding Revision										
02	0.00	2,400,000	0	0	2,400,000	0.00	0	0	0	0
DP 711 - Cash Assistance Benefits - Legislative Priority										
02	0.00	0	0	2,000,000	2,000,000	0.00	0	0	2,000,000	2,000,000
DP 712 - Adult Basic Education Services										
02	0.00	0	0	125,000	125,000	0.00	0	0	125,000	125,000
DP 717 - Child Support Pass-through, etc. (HB 529)										
02	0.00	0	0	749,002	749,002	0.00	0	0	749,002	749,002
DP 718 - Revise Exemption - Public Assistance Elig. (SB 29)										
02	0.00	0	0	404,148	404,148	0.00	0	0	404,148	404,148
DP 719 - Implement Provisions of Bills Related to i-149										
02	4.00	19,814	14,795	34,609	69,218	4.00	0	70,149	70,149	140,298
DP 3005 - Child Care										
02	0.00	300,711	732,601	0	1,033,312	0.00	299,352	731,267	0	1,030,619
DP 3200 - Low Income Energy Assistance OTO										
02	0.00	500,000	0	0	500,000	0.00	500,000	0	0	500,000
DP 6010 - 2007 Biennium Pay Plan - HB 447										
02	0.00	268,390	0	303,360	571,750	0.00	694,682	0	796,032	1,490,714
Total	4.00	\$3,839,946	\$747,396	\$6,801,119	\$11,388,461	4.00	\$1,845,065	\$801,416	\$5,879,331	\$8,525,812

DP 69 - Tribal TANF Maintenance of Effort - The legislature provided a general fund increase of \$102,062 for the biennium to fund transfers to tribes that have implemented Tribal TANF plans. Funding to support transfers to tribes is offset by general fund that was included in the base budget but is no longer needed for the TANF maintenance of effort due to a decrease in the TANF MOE related to implementation TANF plans by tribes within Montana.

DP 144 - Higher TANF Work Participation Rates - The legislature approved \$3.5 million of federal funds for the 2007 biennium to assist the department in meeting the new TANF work participation rates. In December 2003, Montana's waiver that allowed a broadly defined list of activities to count toward work participation expired and was not renewed by the federal government. Because this waiver is no longer available the department believes it will be more costly to place participants into the federally approved work activities, which are more narrowly-defined than those in Montana's waiver. The department anticipates that some individuals will need to be placed in subsidized work experience sites, subsidized employment, or on-the-job training, and that all of these allowable work activities cost more than placing individuals in unsubsidized employment sites.

DP 145 - Energy Conservation and Energy Assistance Bien-OTO - A biennial, one-time-only appropriation of \$1,450,000 federal funds was provided to spend the existing energy conservation and energy assistance account (ECA) funds established in 90-4-215, MCA for low-income energy assistance and low-income home weatherization. This funding may be expended only if the federal low-income energy assistance grant drops below the 1987 funding level.

DP 167 - Food Stamp Outreach - The legislature provided \$20,000 federal funds for the biennium to fund expansion of the Food Stamp Outreach program into Lewis and Clark and Silver Bow counties. This new funding is made available to assist states in achieving increased participation in the Food Stamp Program.

DP 708 - Energy Ombudsman - The legislature provided a restricted one-time-only appropriation of \$300,000 general fund each year of the biennium to support case management staff at Human Resource Development Councils to assist low-income individuals seeking emergency energy assistance.

DP 709 - Child Care Funding Revision - The legislature provided a restricted appropriation of \$2.4 million general fund for FY 2006 and reduced federal TANF funds transferred to child care by a like amount. The legislature specified that the TANF funds made available by this action are to be used to increase the monthly TANF cash assistance benefit level.

DP 711 - Cash Assistance Benefits - Legislative Priority - The legislature added as a restricted appropriation \$2 million federal TANF funding, and specified that \$0.4 million per year of federal TANF funding (included in the base budget) that the executive indicated would support abstinence education, achievement or incentive awards, accelerated employment services or diversionary projects, and after school programs, be used to support cash assistance benefits. It is the legislature's priority that this funding be used to increase the monthly cash assistance benefit level rather than fund these items.

DP 712 - Adult Basic Education Services - The legislature provided \$125,000 per year (\$250,000 for the biennium) in federal TANF funds for adult basic education services by reducing the amount of TANF funds supporting "Higher TANF Work Participation Rates" (DP 144).

DP 717 - Child Support Pass-through, etc. (HB 529) - The legislature provided \$1,498,004 federal funds for the biennium (\$749,002 per year) to support the provisions of HB 529, which creates an "at-risk family stabilization program, earned income tax credits, and child support pass-through".

DP 718 - Revise Exemption - Public Assistance Elig. (SB 29) - The legislature provided \$808,296 federal funds to support the provisions of SB 29 revising exemption from public assistance eligibility.

DP 719 - Implement Provisions of Bills Related to I-149 - This decision package includes funding to support the provisions of HB 552 raising the Medicaid asset limit, HB 667 providing for premium assistance/tax credit, and SB 324 providing for prescription drug coverage.

DP 3005 - Child Care - The legislature provided \$600,063 general fund and \$1,463,868 state special revenue from the prevention and stabilization fund for child care services. The revenue source for the prevention and stabilization fund is the bed tax on state institutions such as the Montana Developmental Center and the Mental Health Nursing Care Center. The executive indicates that this funding would maintain child care funding at the 2005 biennium level.

DP 3200 - Low Income Energy Assistance OTO - The legislature provided a one-time-only appropriation of \$500,000 general fund for each year of the 2007 biennium for low-income energy and weatherization assistance. The weatherization assistance program targets cost-effective long-term energy conservation measures to those LIEAP households with the highest energy burdens.

DP 6010 - 2007 Biennium Pay Plan - HB 447 - The legislature passed a pay plan in HB 447 that provides an additional 3.5 percent (or \$1,005, whichever is greater) in FY 2006 and an additional 4.0 percent (or \$1,188, whichever is greater) in FY 2007, as well as \$46 per month in insurance contributions in calendar 2006 and an additional \$51 per month in calendar 2007. These amounts represent the program's allocation of costs to fund this pay plan.

Language

The Governor has indicated his intent to line-item veto the language illustrated in *italic*, however his authority to do so is questioned and may be challenged through legal action.

“Federal temporary assistance for needy families (TANF) funds and general fund money supporting TANF maintenance of effort may not be expended for abstinence education.

TANF funds and general fund money supporting TANF maintenance of effort may be expended for the following purposes only if beginning on October 1, 2005, the cash assistance benefit level is at or above 33% of the 2005 federal poverty level index and funding for the work readiness component (WoRC) program is maintained at or above fiscal year 2005 levels:

- (1) achievement or incentive awards;
- (2) accelerated employment services or diversionary projects; or
- (3) after school programs.

This restriction has been adopted by the legislature in an effort to make funds available to support an increase in the TANF cash assistance benefit level. It is the priority of the legislature to fund increases in the TANF cash assistance benefit level rather than funding items such as those listed above.

The department shall report at each meeting of the children, families, health, and human services interim committee:

- (1) the actual amount expended and items supported by TANF block grant money in the current biennium;*
- (2) the actual amount expended and items supported by TANF maintenance of effort funds in the current biennium;*
- (3) the balance of federal TANF block grant funds that remain unexpended;*
- (4) the monthly TANF cash assistance caseload, costs of cash assistance, and the cash assistance benefit level;*
- (5) the projected annual amount to be transferred to child care and Title XX; and*
- (6) the projected TANF block grant ending fund balance for the current and next state fiscal years.*

Funding in Energy Ombudsman Services may be used only to fund case management-type staff at human resource development councils whose purpose is to assist low-income customers seeking emergency energy assistance. *The department shall provide an annual report to the members of the 2005 legislative joint appropriations subcommittee on health and human services on the successes, failures, and impact that this effort has on assisting low-income families to move toward self-sufficiency in meeting their home heating needs.*

Funding in Low Income Energy Assistance OTO includes \$500,000 in general fund money for each year of the biennium to support increases in low-income energy assistance programs.

Funding in Low Income Energy Assistance OTO includes general fund money supporting energy assistance and

weatherization. These funds may be used to support the state low-income energy assistance program, the state weatherization program, or tribal energy assistance programs.

Funding in TANF Cash Assistance Increase Benefit Level and TANF Reduce CC Transfer, Fund Cash Assistance may be used only to increase the monthly cash assistance benefit provided to TANF cash assistance recipients, and it is estimated that each \$2.4 million provided in TANF Cash Assistance Increase Benefit Level and TANF Reduce CC Transfer, Fund Cash Assistance is adequate to increase the TANF cash assistance benefit level, for the average family of three on the current caseload, by approximately \$50 a month.

Funding in Adult Basic Education supports provision of adult basic education services designed to meet the specific needs of TANF participants. Priority for funding must be given to the geographic areas that have the highest percentage of their population enrolled in the TANF program. "